

## Message Text

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43

ACTION ARA-10

INFO OCT-01 ISO-00 SAB-01 SSO-00 NSCE-00 USIE-00 INRE-00

CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03 NSAE-00 NSC-05

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O R 241830Z JAN 76

FM AMEMBASSY PANAMA

TO SECSTATE WASHDC IMMEDIATE 6482

INFO PANCANAL

USCINCSO

C O N F I D E N T I A L PANAMA 0551

E.O. 11652: GDS

TAGS: PFOR, PINT, PN

SUBJECT: TREATY NEGOTIATIONS: PRESS ANNOUNCES CANAL WILL BE  
PANAMA'S IN 1995

REF: STATE 016586

SUMMARY: INFORMATION ASCRIBED TO "DIPLOMATIC SOURCES" IN WASHINGTON BLOSSOMED IN LOCAL MEDIA REPORTING JAN. 23-4 TO ANNOUNCEMENT THAT AGREEMENT HAS BEEN REACHED FOR RETURN OF CANAL TO PANAMA IN 1995. OTHER DETAILS OF RECENT NEGOTIATIONS CARRIED IN SAME COVERAGE. AGREEMENT IS DESCRIBED AS TRIUMPH FOR TORRIJOS, AND COMES AT AN OBVIOUSLY OPPORTUNE MOMENT FOR HIM IN WAKE OF DOMESTIC UNREST OF LAST SEVERAL DAYS.

1. SPANISH NEWS AGENCY

EFE REPORT DATED WASHINGTON JAN. 23 BROADCAST THAT EVENING ON LOCAL RADIO AND HEADLINED IN JAN. 24 PAPERS. REPORT CITES "DIPLOMATIC SOURCES" IN WASHINGTON AS REVEALING THAT "UNITED STATES WILL TRANSFER TO PANAMA CONTROL OF THE CANAL AND ALL ITS INSTALLATION ON DEC. 31, 1995."

REPORT ADDS THAT FINAL AGREEMENT ON THIS KEY POINT WAS REACHED IN LAST ROUND OF NEGOTIATIONS HELD IN WASHINGTON THIS PAST NOVEMBER. THE PROXIMATE TRIP OF AMBASSADOR BUNER "WOULD  
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HAVE AS ITS GOAL THE ELIMINATION OF A FEW DIFFERENCES WHICH STILL

REMAIN BETWEEN THE TWO SIDES, ESPECIALLY THAT (DIFFERENCE)  
OVER THE DISMANTLING OF U.S. BASES IN THE CANAL ZONE."

2. RETURN OF CANAL TO PANAMA AND TORRIJOS' TRIUMPH IN ACHIEVING IT, TRUMPETTED ON FRONT PAGES OF "CRITICA" AND "ESTRELLA" THIS MORNING. "MATUTINO" AND "STAR & HERALD" MORE MODERATELY HEAD-LINED "PROGRESS" AND "MAJOR AGREEMENT", BUT THEY TOO CARRIED EFE'S STORY. RADIO LAST NIGHT BROADCAST THE SAME.

3. THE REPORT ALSO COMMENTS ON STATUS OF (1) EXPANSION: MUTUAL CONSENT BUT U.S. PAYS, (2) LANDS & WATERS: 80-90 PERCENT OF CANAL ZONE REVERTS TO PANAMA, AND (3) ARBITRATION: INTER-AMERICAN TREATY WILL BE INCORPORATED.

4. TODAY'S STORY FOLLOWS ON HEELS OF JAN. 21 ANNOUNCEMENT OF AMBASSADOR BUNKER'S RETURN IN "PANAMA AMERICA", AND JAN. 23 COVERAGE OF AMBASSADOR BUNKER'S PRESS STATEMENT, JAN. 21 "SALVO" CAME FROM MINISTER NEGOTIATOR TACK, THEN STILL IN COLOMBIA. COMMENT IN THAT FIRST RELEASE AND IN ARTICLES AND COMMENTARY JAN. 23 INDICATED A CERTAIN OPTIMISM, LARGELY BASED ON TACK'S STATEMENT THAT DRAFT TREATY MIGHT BE ONLY A FEW WEEKS OFF. AMBASSADOR BUNKER'S MORE RESERVED TONES MAY HAVE DAMPENED THAT PERCEPTION A BIT, BUT TODAY'S REPORTAGE HAS UNDOUBTEDLY BOOSTED HOPES FOR A RAPID CONCLUSION TO NEGOTIATING PROCESS.

5. POLITICAL COUNSELOR SPOKE WITH FABIAN VELARDE, TORRIJOS' INFORMATION COORDINATOR ON JAN. 23. VELARDE DISCLAIMED RESPONSIBILITY FOR INITIAL RELEASE (JAN. 21), AND AGREED IT WAS NOT A GOOD ONE; REFERENCE TO PURPORTED "ULTIMATUM" WAS INAPPROPRIATE. HE WOULD RECOMMEND TO TORRIJOS THAT GOP PUBLISH ARTICLE OR STATEMENT BASED ON AMBASSADOR BUNKER'S STATEMENT. VELARDE ADDED THAT DECISION TO RELEASE INITIAL ANNOUNCEMENT MAY NOT HAVE BEEN FULLY CLEARED WITHIN GOP. VELARDE, WAS, HOWEVER, EXTREMELY PLEASED BY FAVORABLE COVERAGE IN U.S. ON TREATY DEVELOPMENTS, SENATOR JAVITS STATEMENTS, AS WELL AS AMBASSADOR BUNKER'S. VELARDE ALSO INQUIRED WHETHER EMBASSY "SPOKESMAN" OR BETTER THE AMBASSADOR WOULD NOT LIKE TO MAKE A COMMENT ON THE "GOOD NEWS" FROM THE UNITED STATES. POLITICAL COUNSELOR DECLINED.  
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6. COMMENT: VELARDE MAY HAVE SUGGESTED JUST STICKING TO "HOPES" INSTEAD OF PREDICTIONS TO TORRIJOS, BUT THAT COUNSEL HAS NOT BEEN ACCEPTED. PUBLICATION OF "ALREADY AGREED ON POINTS", AND IMPLICATION THAT FEBRUARY VISIT OF NEGOTIATORS WILL WRAP UP A FEW OUTSTANDING DIFFERENCES IS DELIBERATE PLAY-OFF OF NEGOTIATING PROGRESS, OR "TRIUMPH", AGAINST CRITICISM AND DEMONSTRATIONS HERE AGAINST TORRIJOS' GOVERNMENT. EMBASSY HAS BEGUN AND

WILL BE ENLIGHTENING "INNER CIRCLE" THAT WHATEVER MAY BE PUT OUT PUBLICLY, WE ARE STILL IN PROCESS OF NEGOTIATING AND EVEN IF DIFFERENCES HAVE BEEN NARROWED, WE ARE NOT IN THE NINTH INNING EITHER. TORRIJOS BLATANTLY USED REPORTS OF NEGOTIATING PROGRESS AND EXAGGERATED NEARNESS OF FINAL AGREEMENT AS A GAMBIT TO STRENGTHEN HIS POSITION IN FACE OF CURRENT DOMESTIC POLITICAL DIFFICULTIES.

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